



## INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Department of Insurance

909 Leawood Drive, P. O. Box 4050, Frankfort, KY 40604-4050

Phone 502-564-1461 – FAX 502-564-1464

### *Fraud Statistics/Convictions Activity*

*April 2011*

#### Fraud Statistics

	<u>Month/April</u>	<u>YTD</u>
Total Referrals Received.....	99	347
Closed Referrals.....	110	252
Open Cases (Investigations-includes prior years)		225
Assigned Cases (Investigations).....	6	69
Closed Cases (Investigations).....	13	35
Closed Cases (Investigations) Exceptionally Cleared – Declined by Prosecutor.....	3	7
Charges (43 felony).....	43	56
Convictions (1 felony/3 misdemeanor) .....	4	14
Restitution Ordered..... \$	4800.16	16,639.99
Restitution Agreed.....\$	1000.00	40,207.30
Investigation Expenses to Division		
Awarded.....\$	527.42	4426.17
Collected..... \$	1069.21	5661.22
Administrative subpoenas issued.....	1	4
Non-licensed individuals.....	1	3
Licensed (active/inactive individuals)....		1
Subpoenas Received.....	3	14

## Convictions Activity

Twana Johnson – Johnson was involved in a traffic accident on April 14, 2008. She presented a claim to her insurance company under personal injury protection (PIP) for lost wages, reporting that as the result of injuries sustained in the accident, she was not able to actively continue working at her place of employment. However, she continued to actively work, receiving a salary of \$5,880.82 for 745  $\frac{3}{4}$  hours during the time period she reported she was unable to work. The insurer paid Johnson \$3,875 in PIP lost wages benefits plus additional money for chiropractic and prescription payments. Johnson was charged with one felony count of fraudulent insurance acts. She pleaded guilty to the amended misdemeanor charge of theft by unlawful taking and was sentenced to 30 days, which was suspended, and was placed on unsupervised probation for 90 days. She must pay \$3,875 in restitution to the insurance company and \$427.42 to the Fraud Division for investigation expenses.

Bryan Blaine – On April 5, 2009, Blaine reported the theft of two welders and a trailer from his residence. Blaine subsequently submitted receipts totaling \$12,296 to his insurance company for the equipment that was allegedly stolen. He later admitted forging the receipts. Blaine was indicted on one felony count of fraudulent insurance acts. Indictment was pretrial diverted for five years and he paid \$1,000 in restitution to the insurance company.

Roy Hensley – Hensley, the owner of Hensley Carpentry Inc., underreported the number of employees and payroll to Kentucky Employers' Mutual Insurance in order to reduce his workers' compensation premium. An audit of his policy revealed Hensley had been paying his employees in cash. Hensley denied employing Hispanic workers and paying them in cash but surveillance showed Hispanic workers on his job sites. Hensley later agreed to allow an additional \$58,000 in payroll for purposes of the audit calculation. The amount of premium generated by the additional payroll was \$17,710.32. Hensley was charged with one felony count of fraudulent insurance acts. He pleaded guilty to the amended misdemeanor charge of attempted fraudulent insurance acts and was sentenced to 30 days, which was conditionally discharged for two years.

Quintin W. Stepp – Stepp, on or about Feb. 9, 2010, submitted a forged and/or false proof of insurance card to the Harlan County clerk knowing that he did not have insurance with Kentucky Farm Bureau. Subsequently, Stepp admitted he did in fact knowingly present the forged and/or false proof of insurance to the clerk's office in order to renew his car registration and tags. He was charged with one felony count of fraudulent insurance acts over \$500. Stepp pleaded guilty to the amended charge of fraudulent insurance acts under \$500 and was sentenced to 12 months, which was probated for 24 months. In addition, he was required to pay a \$100 fine to the Fraud Division and court costs in the amount of \$133.